

# social action

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*Family income:  
Where does it go?*

DORIS E. PULLMAN  
THOMAS K. THOMPSON

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March, 1959

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## **MANY AMERICANS KNOW THAT THEIR STANDARD OF LIVING**

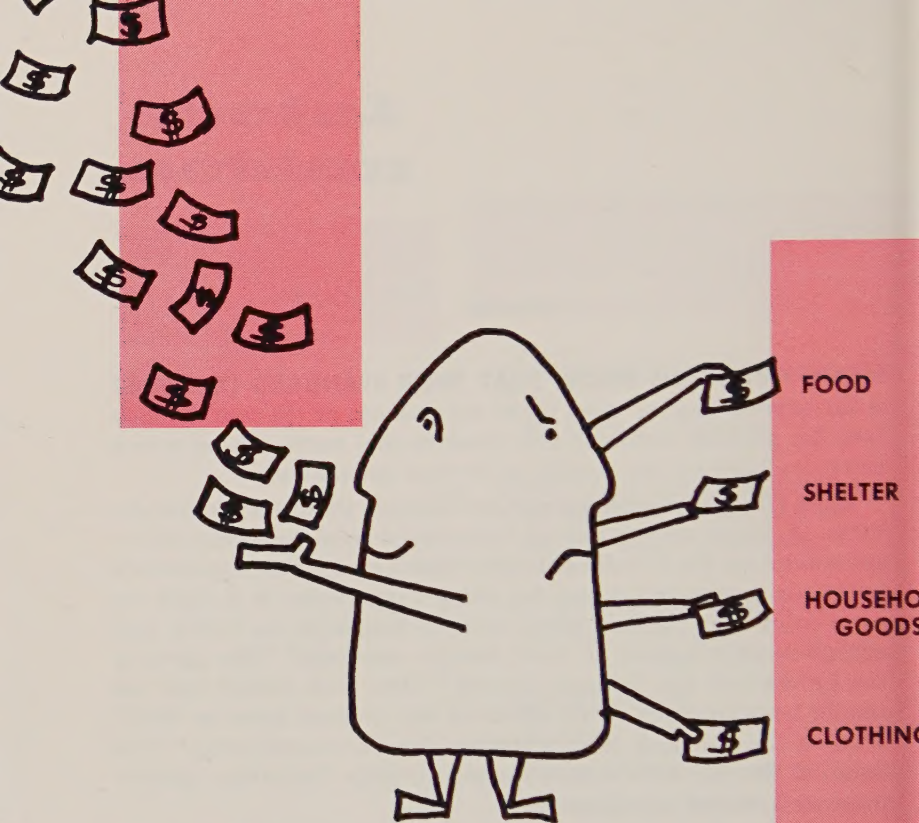
is far beyond that of most other inhabitants of the world. They take for granted comforts and luxuries that exceed those which were available to the royalty of former generations.

Many Christians have uneasy consciences about their expenditures. A large percentage of luxuries—becoming necessities—are bought on the installment plan, which means that tomorrow's income is mortgaged to pay for today's purchases. Is it right for us to enjoy such comfort when so many people in the U.S.A. and abroad merely subsist on their meagre earnings? "The earth is the Lord's and the fullness thereof." Does God intend that we should have so much while others of his children have so little? What is the meaning of stewardship for Christians today? This issue of **SOCIAL ACTION** is designed to help Christians answer these and related questions.

In "Family Income and Expenditures," Dr. Doris E. Pullman gives us a concise picture of the amount of money that Americans earn and how they spend it. She indicates the great differences in living standards that exist on various income levels in the U.S.A. and contrasts the wealth of this nation with the relative poverty of other countries.

In "Stewardship and the Hidden Persuaders," Thomas K. Thompson describes the conflicts which arise between the economy of affluence and the Puritan virtues of thrift, frugality, and solvency. He calls upon Christians to look critically at how they earn their money—and how they spend it.

Church and community groups which wish to consider the ethical issues involved in our spending habits will find help in these departments: book reviews; program planning; and resources for worship.



FOOD

SHELTER

HOUSEHOLD  
GOODS

CLOTHING

## Family income: who

By Doris E. Pullman, Instructor in Economics at the Bernard M. Baruch School of Business and Public Administration, The City College of New York. Miss Pullman has a Ph.D. degree in Economics from the University of Wisconsin and is a graduate of Mount Holyoke College. She is a member of The Riverside Church.

AUTOMOBILE

TAXES

MEDICAL

ETC.

**V**ance Packard, author of *The Hidden Persuaders*, says that marketing specialists influence us in the spending of our money by promising us emotional security, personal worth, power, immortality, and love. The business of persuasion is profitable in America because of the abundance of our economy; it is also contributing to the creation of this abundance. Our citizens not only aspire to, but attain, far more goods and services than are essential for food, shelter, and clothing. Much of our talent, skills, capital, and technology are used to satisfy the needs and wants of our families.

### **Spending for consumer durable goods**

Americans are large purchasers of consumer durable goods. In 1957 they spent \$36 billion dollars for automobiles, appliances, furniture, and other items destined for long-term family use. This is about 12 per cent of the amount that consumers

## **Does it go?**

spend annually after they have paid their Federal income taxes. According to data collected for the Federal Reserve Board,<sup>1</sup> our nation's spending units averaged \$400 a year on consumer durable goods. If only those who actually made purchases are counted, their annual expenditures for consumer durables averaged \$870.

The members of six out of ten American households own their own home; 60 per cent own one automobile, and 10 per

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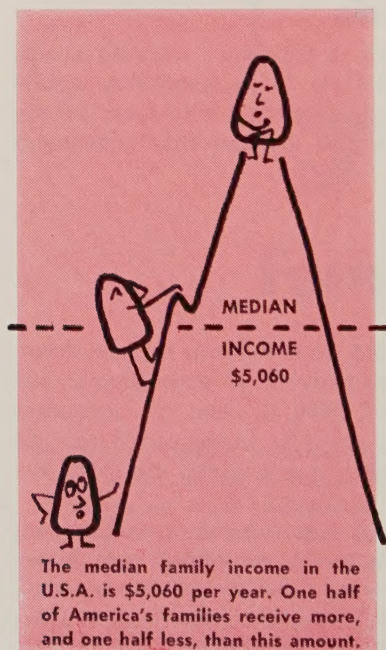
<sup>1</sup> "1958 Survey of Consumer Finances, Purchases of Durable Goods," *Federal Reserve Bulletin*, v. 44, July, 1958, pp. 760-775.



cent own two or more cars. There is almost universal use of refrigerator, radio, television set, washing machine, baby carriage, play pen, electric iron, linoleum and rugs. Clothes dryers, air conditioners, outdoor barbecue pits, and many similar items gradually are becoming standard equipment in the American home.

### Spending for services

Payment for services has become standard practice in most American homes. Three out of four families participate in health insurance programs. Over 100 million policyholders carry life insurance. Savings and checking accounts are quite general. It is customary for mothers to have prenatal consultations with a physician and for infants to have immunizations and regular examination by physicians. Dental care is often sought, although many still neglect this aspect of health. Middle-aged and aging persons make regular visits to their physicians. It is expected that many services will be provided for children: baby sitters and nursery schools for the younger ones; and dancing lessons, camps, and vacation-at-home projects for the older ones.



### FAMILY INCOMES IN THE U.S.A.

The 175 million Americans constitute about 53½ million consumer units. Of these, 43 million are family groups. What is the income for a typical American family? While there is a certain tyranny in the use of averages, it helps to answer the question. The U.S. Department of Commerce recently gave the median or mid-point income before tax deductions as \$5,060.

A clearer picture of the income of the typical American family becomes visible when we use narrower categories. More detailed reports for 1956 gave median income before taxes as \$5,953 for families in which the head was a full-time worker, and \$6,480 for those whose head had full-time employment and resided in a city with a population of one million or over. The national median for families with husband and wife working full time was \$6,000. In the 10 per cent of all families in which the father was a college graduate, median family income was \$7,600. This figure compared with \$5,500 for 25 per cent of the families which were headed by high school graduates who had not gone to college.<sup>2</sup>

### **Dominance of the middle-income group**

Probably the most distinctive feature about the income of American consumers, as compared with those in other parts of the world, is the dominance of the middle-income group. Broadly considered, middle income is from \$4,000 to \$10,000, although any American knows that there is a big difference in the standard of living possible at the lower and upper parts of this range. Approximately half of the nation's families and single individuals receive between \$4,000 and \$10,000 a year. They receive a little over half of the nation's income before taxes.

Toward the lower end of the middle-income range are year-round production workers in foods, workers in the apparel and paper industries, bus drivers, workers in wholesale trade, ministers, and teachers.

In the middle of the range are truck drivers, mechanics, railroad men, and wage earners in steel, auto, aircraft and railroad equipment industries, craftsmen in the building trades, and production workers in the oilfields and in electric utilities. Also in the middle of the range are college-trained men who are starting out in chemistry, accounting, engineering, and general business.

Toward the top of the middle group are the highly skilled production workers such as toolmakers and set-up men, those

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<sup>2</sup> U.S. Bureau of the Census: *Current Population Reports, Series P-60, Annual Estimates of the Distribution of Families by Income*, April, 1958. See also "Size Distribution of Personal Income, Changes from 1947 to 1957," by Selma F. Goldsmith, *Survey of Current Business*, U.S. Department of Commerce, April, 1958, Vol. 38, pp. 10-19.



who handle maintenance and repair of automated equipment, locomotive engineers and photoengravers. In a similar position are many men who have had about ten years' experience in such white collar fields such as insurance, retail sales, engineering, accounting, and general business. At this level also are many pharmacists, lawyers, chiropractors, and veterinarians.

Poverty in the United States is difficult to define. Our definition is that it is a condition in which earnings are less than the amount necessary to maintain a family adequately, considering current standards of nutrition and shelter and the mores of the community. Many in the \$4,000 to \$10,000 range may have difficulty in meeting their obligations because their ongoing needs are large, or because they have special problems such as the need for expensive medical care.

### **What does it cost to live?**

Certain standard budgets indicate what it costs a family to live in the United States. The Heller Committee for Research in Social Economics of the University of California sent its investigators into the community to find the cost of goods and services which "public opinion currently recognizes as necessary to health and reasonably comfortable living."<sup>3</sup> The Committee estimated that in September, 1957, a wage-earner family of four members in the San Francisco Bay area (a relatively high wage and price area) needed \$5,832 before taxes if they rented a home, and \$6,203 if they owned their home. The committee stated that a junior professional executive in the same area would need \$8,805 to maintain his family.

A more stringent budget has been prepared by the Community Council of Greater New York as a guide for social workers who counsel husbands and wives on financial management.<sup>4</sup> According to the estimates just released, a family of four in New York City needed \$81 a week in October, 1958, to live "at current standards of consumption at low cost" in a moderate-size rented house or apartment, without the ownership of a family

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<sup>3</sup> *Quantity and Cost Budgets for Two Income Levels*, Prices for the San Francisco Bay Area, September, 1957. The Heller Committee for Research in Social Economics, University of California, Berkeley, 1958.

<sup>4</sup> *Cost Schedules for Planning Budgets*, Weekly Basis, Prices as of October, 1957, Community Council of Greater New York.



car. At this rate, on an annual basis, their essential living costs would amount to about \$4,200.

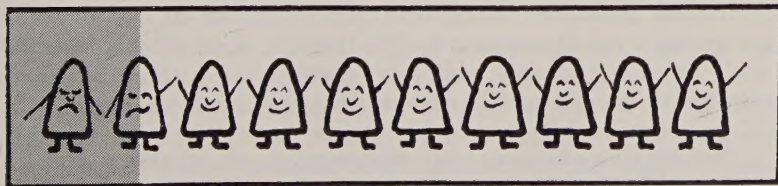
Judging from these standard budgets, families with incomes from \$4,000 to \$6,000 have to do careful budgeting and shopping to make ends meet. It is not easy to live within one's income when many goods and services are attractively displayed and promoted, and when they are a part of the customary spending patterns.

### **Families in the \$2,000 to \$4,000 range**

The one out of four families and single individuals who are in the \$2,000 to \$4,000 range find it difficult to live within their incomes. This group includes many white collar workers in banking, retail trade, insurance and finance, production workers in textiles and food industries, and service employees in hospitals, hotels, restaurants, gasoline stations, laundries, and dry cleaning establishments. Within this range also are aged pensioners whose needs may be small.

### **Incomes of less than \$2,000**

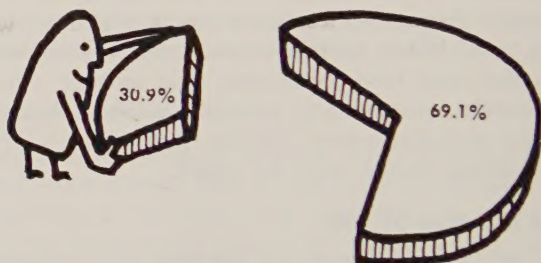
Fifteen per cent of America's families and individuals (but mainly individuals) live on less than \$2,000 per year. It was their lot to divide up and live on about 2.5 per cent of the nation's income. This group includes the aged who live on Social Security allowances only or on public assistance. It also includes families in which the head did not work all year because of temporary illness, permanent disability, or unemployment, and broken families where a woman was the chief provider. At the bottom of our economic scale are a large proportion of the nation's farm families, non-white families, casual laborers, and migrant workers.



**Fifteen per cent of America's families and individuals live in poverty.**

## The wealthy

In contrast, the group in our nation with incomes of \$10,000 and over includes about 10.5 per cent of the consumer units who enjoy 30.9 per cent of the total income. They are a diverse lot: successful lawyers, life insurance agents, actuaries, designers, department store buyers, salesmen, and specialists highly skilled and advanced in their profession, such as air lines pilots and social administrators. Middle management men in industry are likely to be in the \$10,000 to \$30,000 range; specialized physicians get \$30,000 or more; the controller of a large corporation earns perhaps \$40,000.



Ten and one-half per cent of the families and individuals receive 30.9 per cent of the total income in the U.S.A.

The highest salaried individuals in the U.S.A. are seven corporation executives with earnings of over \$500,000 a year, and one with a salary of more than \$800,000, according to a survey made by *Business Week*.<sup>5</sup> Counting all income from wages and salaries, interest, profits and rents, approximately 200 Americans amass over \$1,000,000 income each year; and about 18,000 others have incomes from \$100,000 to \$1,000,000.

## Another view of salary scales

Herman P. Miller, using 1949 data, arrayed all occupational categories from the lowest to the highest, according to median wage or salary income, and then divided the income receivers into ten even groups.<sup>6</sup> In the third from the lowest decile he

<sup>5</sup> "The Big Money Earners of '56," *Business Week*, May 25, 1957, p. 113.

<sup>6</sup> Herman P. Miller, *Income of the American People*, U.S. Bureau of the Census. John Wiley and Sons, 1955, pp. 56-57.



found such diverse workers as clergymen, mine operatives, sailors, guards, watchmen, longshoremen, and laborers, among others. His highest tenth (which included persons with salaries below \$10,000) included authors, chemists, college presidents and professors, salaried managers in manufacturing, transportation, trade and finance, composers in the printing trades, locomotive engineers, and railroad conductors.

### **Occupational fluidity**

No description of income levels in the United States is complete without mention of our fluid society. Perhaps this factor more than any other distinguishes America from the rest of the world, where so many born in poverty are doomed to die in it. For example, within the \$2,000 to \$4,000 range are families in which the main wage earner is young and on his way up economically, older persons who are on the way down, and persons who are in permanently low-paid jobs in manufacturing and service.

Or, as a measure of mobility, consider the ten individuals who earned the highest salaries in this country in 1957. The *New York Post* pointed out that only one of them inherited wealth, that four came to this country as immigrants, that several did not finish high school, and that only two went to college. Or, look at earners with incomes over \$10,000: one out of five members of this group had an eighth grade education or less, and only 30 per cent graduated from college. While family background and education do help, they are not essential to getting ahead financially in American society.

### **FAMILY INCOMES IN OTHER NATIONS**

It is essential that Americans realize their unique financial position in the world. Figuratively speaking, they have the fatted calf, the rainbow-hued garments, the bags of gold. While Americans can easily be persuaded that elaborate goods and services are necessary for the good life, people in most of the world struggle for their daily bread.

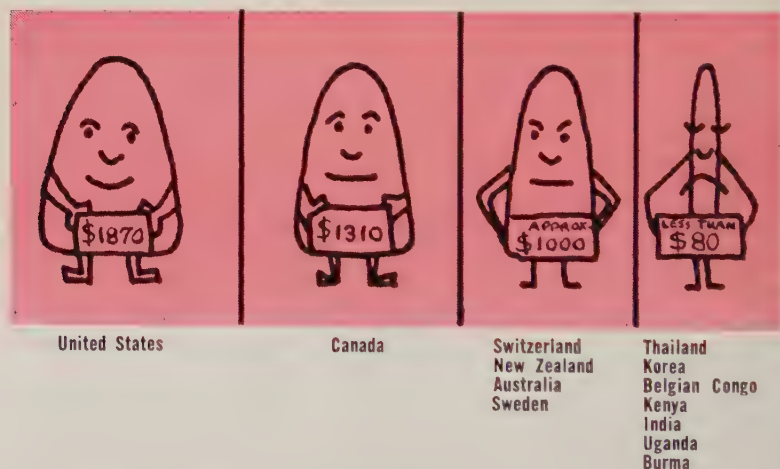
Britain and France, faced with acute problems in meeting international payments, restrict imports for consumer use, and concentrate their domestic manufacture on the export trade. The Soviet Union, struggling to attain production, still empha-

sizes heavy goods such as machinery and machine tools at the expense of consumer needs. Nations as yet underdeveloped, such as China, India, most of Africa, South America, and Southeast Asia, concentrate what little capital they can save and aid from abroad on transportation, communication, and health services.

### International comparisons are difficult

It is difficult to compare family incomes in various parts of the world. The International Labor Office in Geneva and the Statistical Office of the United Nations in New York are working on standardizing the reporting of income, but there are still large problems such as those due to the underestimates of agricultural income and lack of knowledge about food grown for home use, profit, rents and interest. Furthermore, there are the problems of converting national currencies to a standard unit, differences in the purchasing power of the national units, and great variations in tastes, standards of living, and general cultural standards.

Comparison of the net national product per person.



### Comparison in terms of national output

While we cannot obtain sound figures on income per person, we do have a useful measure of output per person; the United Nations Statistical Office estimates the per capita net national product for 55 nations. Net national product is one measure of



the value of goods and services produced in a year's time.<sup>7</sup> Net national product enables us to visualize the size of the "pie" to be divided among the citizens in the form of income payments. The latest figures, for 1952-54, show great disparity in values of goods and services produced in the various nations. The United States stands at the head of the list with about \$1,870 net national product per person; next comes Canada with \$1,310; then come Switzerland with \$1,010, New Zealand with \$1,000, Australia with \$950, and Sweden with \$950.

Lowest in terms of net national product are the underdeveloped nations. At the bottom of the list are eight nations with a per capita product of less than \$80. Arranged in descending order, they are Thailand, Korea, Belgian Congo, Kenya, India, Uganda, and Burma.

### **Comparison by "international units"**

In an effort to make meaningful comparisons of well-being from one nation to another, Colin Clark, economist at Oxford University, devised an "international unit" which permits comparison of the spending power of consumers throughout the world. He defines this unit as the quantity of goods and services exchangeable in 1948-49 for one Indian rupee. The "international unit" concept is an attempt to express the purchasing power of the average citizens of many countries in terms of a common denominator of goods and services.

According to Clark's measurements, published in the Eleventh Montague Burton Lecture on International Relations at the University of Leeds in 1953,<sup>8</sup> America, Canada, and New Zealand stood at the top with 5,000 units per person. Britain had half this amount, or 2,500 units per person. Czechoslovakia, Chile, and Austria had 1,000 units per person. Only 20 per cent of the world's population was above the 1,000 unit level.

Nations which had between 750 and 1,000 units per person were the Soviet Union, Italy, most Eastern European countries, Lebanon, Mexico, Peru, and Costa Rico. Nations with 500 to 750 units per person were Spain, Brazil, Venezuela, Colombia, Israel,

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<sup>7</sup> *Per-Capita National Product of Fifty-Five Countries, 1953-54*. Statistical Office of the United Nations, New York, 1957, Statistical Series E, No. 4.

<sup>8</sup> Colin Clark, *Eleventh Montague Burton Lecture on International Relations, "The Have and the Have Not Countries,"* University of Leeds, 1953.

Cyprus, Malaya, Ceylon, Philippines, and Southern Rhodesia.

Rumania, Albania, Bolivia, Paraguay, Ecuador, Japan, Algiers, Morocco, and Tunis had 300 to 500 units per person.

Haiti, Burma, Indonesia, Korea, French Indo-China, India, and China had less than 200 units per person.

Inequality was evident from the fact that the American's spending power was fifty times that of the citizen of the poorest nation.

## SPENDING PATTERNS IN THE U.S.A. AND IN THE WORLD

How do Americans spend their money? How do their purchases contrast with those of consumers in other countries?

The one half of America's families who are in the middle income range of \$4,000 to \$10,000 per year allocate their spendable incomes (the amount available after payment of Federal income taxes) within the following percentage ranges:

	<i>Per cent of income spent after taxes</i>
Food	30 to 40
Shelter	15 to 25
Clothing	10 to 15
Household operation	5 to 10
food, light, telephone, baby sitting services	
Annual additions to home furnishings	3 to 4
Medical care	5 to 10
Personal care	3 to 5
Transportation	6 to 15
Gifts and contributions	2 to 5
Recreation and education	5 to 10
Life insurance and social security	4 to 7

### Per cent spent for food

When contrasted with consumers in other nations of the world, American expenditure patterns are distinctive in several respects. Recent studies of family expenditures reviewed by the International Labour Office<sup>9</sup> show that America, along with

<sup>9</sup> "Post-war Studies of Family Expenditures," *International Labour Review*, Vol. 75, 1956, pp. 576-599.



other industrialized nations, devoted a low proportion of consumer expenditures (33.2 per cent according to a 1950 study) to food. Post-war studies in Austria, Ceylon, Colombia, Ecuador, El Salvador, France, Gold Coast, India, Iraq, Portugal, and Puerto Rico show that more than half of living expenses were for food and drink. Indian laborers in agricultural regions, according to a 1950-51 study, made 86 per cent of their expenditures on food and beverages. Indian laborers spent three-fifths of their total incomes for bread and cereals alone, a fact which reveals both the inadequacy of their diet and the scarcity of their worldly goods.



Food expenditure: U.S., 33.2% of income; Indian farmer, 86% of income.

### Expenditures for housing

The United States is also unique in the high expenditures it makes for shelter—on a national basis about 12.9 per cent of family living costs are for housing. In contrast in Paris, consumers devoted 4.9 per cent of their expenditures to shelter; French farmers spent 1.3 per cent, Austrians spent 4.3 per cent, and the people of Ceylon 3.7 per cent. American data on expenditures for shelter under-report the costs for housing, as we include under additions to assets the payments that owners make on home mortgages. Actually a good many American families find that 20 to 25 per cent of their income after Federal income taxes has to go for shelter, and even 30 per cent if the costs of fuel and light are included.

### High cost of transportation

Americans and Canadians differ from persons in other parts of the world in their high use of transportation, especially family-owned cars. Post-war studies show that in the U.S. and Canada, and also in Sweden, some 8 to 9 per cent of expenditures for living are for transportation, compared with 4.6 per

cent for the people of Paris, 2.7 per cent for Ceylon, and 1.4 per cent for India. The American estimate for all consumers, which includes those who rely wholly on public transportation, probably understates the costs for car-owning families. The American Automobile Association estimates that a moderate priced new car costs a little over \$1,000 a year to run, including depreciation, insurance, and repairs, and the costs of driving about 10,000 miles a year. It is quite possible that many American families spend 10 to 15 per cent of their annual disposable income on transportation.

### **Use of credit**

Just as we stand out in the world as owners of consumer durables and homes, so too do we lead the world in the use of credit. Of course, even in agricultural economies credit may be an important factor—laborers in East Africa for example are in debt to storekeepers, friends and relatives. However, Americans are unique in perfecting credit as an instrument for acquiring physical possessions. Individually owned homes are usually mortgaged. Consumer installment debt (for automobiles, household durables, home improvements, and personal loans) is owed by about half of all American families; in the age range of 25 to 44 years about three out of five family heads have installment debt.

### **Insurance plans for emergencies**

Still another difference between Americans and the rest of the world lies in our present composite of governmental and private financing for emergency needs. Federal Social Security is the basic core of protection against financial hazards such as death of the main wage earner and against reduced income in old age. There are many employer and union-sponsored pension plans, life insurance, health and welfare plans, many of which are set up in cooperation with insurance companies. Medical costs are partly offset by voluntary health insurance.

To meet financial emergencies, Americans with incomes above the level which entitles them to public assistance or other government-supported care must rely on their own savings, current income, or privately arranged insurance plans.



In contrast, in England and some Western European nations, governments have assumed more complete financial responsibility for family needs. They provide for medical care, make payments for the aged, and give family allowances in the form of weekly or monthly payments as additional children are born. In some countries, but not in the United States, family allowances continue as long as children are being educated.

### **IN CONCLUSION**

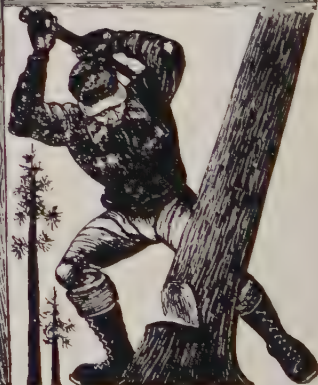
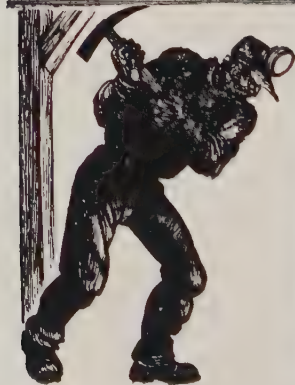
To compare living standards throughout the world, we should look not only at income levels and expenditure patterns but at a whole mesh of customs and mores. This is necessary to determine the delicate balance of what is the responsibility of the government and of the individual. We must not conclude that our pattern of income and expenditures is necessarily the best, or that it should be reproduced around the world.

Because we have certain favored circumstances—capital, knowledge, training, managerial ability, skills and resources—our favorable incomes put us at the mercy of the hawkers and hucksters who promote a vast array of wares. We stand in a unique place in a world of contrasts. Like people in a glass house, our machine-made products and the great array of services are visible the world over, as is our responsibility, or lack of it, in handling money.

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### **OUR WORLD IN MINIATURE**

If the present population of the world could be represented by a thousand persons living in a single town, 60 persons would represent the population of the U.S.A. and 940 all the other nations. The 60 Americans would have half the income of the entire town; the 940 persons would share the other half. Three hundred and three persons in the town would be white; 697 would be non-white. The 60 Americans would have an average life expectancy of 70 years; that of the 940 would be under 40 years. The average Christian American family would be spending \$850 a year for military defense, and less than \$3.50 a year to share with other residents the knowledge of why they are Christians.—HENRY SMITH LEIPER, Minister of the Missions Council of Congregational Christian Churches.



REICHENBERG

# Christian stewardship and the hidden persuaders

In his book *The Exurbanites*, A. C. Sectorsky depicts the life of the typical exurbanite, one who has fled from the city and lives just beyond the realm of the suburbs. A great many such overprivileged dwellers on the outer rim of the metropolis consistently live about 30 per cent above their incomes. These leaders of the communications industries—radio, television, publishing, and advertising—are the persons who tell Americans how they should live. In the opinion of this writer, these residents of the “affluent” exurbs are pushing Americans headlong into hell.

The thesis of this article is that the traditional Protestant economic ethic is being challenged by a new “ethic of affluence” which is essentially un-Christian and which must be met by a restatement and a reliving of sound Christian stewardship. This thesis will be developed under four headings: Traditional Protestant Economic Ethics; The New Ethic of the Affluent Society; The Un-Christian Character of the New Ethic; and A Restatement of Christian Stewardship.

## TRADITIONAL PROTESTANT ECONOMIC ETHICS

Since the appearance in 1905 of Max Weber’s scholarly work, *The Protestant Ethic and the Spirit of Capitalism*, it has been assumed that the dominant ethical influence in American life has been Calvinism, brought to this country through Puritan channels. Most Americans, including those who never heard of Calvin or his doctrine of predestination, have been strongly influenced by this ascetic form of Protestantism. Many middle-

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By Thomas K. Thompson, Executive Director of the Joint Department of Stewardship and Benevolence of the National Council of the Churches of Christ in the U.S.A.



class Americans make a great effort to dissociate themselves from Puritanism; but it is in their bloodstream and they cannot escape it. Three values of traditional Protestant ethics have great influence upon our economic life: frugality, thrift, and solvency.

### **Frugality**

Americans, and most other men around the world, love creature comforts. This love of small luxuries does not prevent most Protestants from possessing a sense of frugality. Not that they wear hair shirts or live on potato soup. Frugality means that they maintain decent restriction upon their desires and appetites. When these desires are given free rein in an occasional spending spree on a Saturday night or at Christmastime, the Protestant conscience, true to its Puritan origin, inflicts pain. Frugality is rooted in the traditional doctrine of property which says that the material world is good, that God created it, and that it is to be used in a responsible way toward the fulfillment of God's purposes—not man's. The very word "economical" means getting the job done with the least expenditure of time, money, and materials. But it also means getting the job *done*. "Featherbedding" is a heinous crime to the Protestant conscience because it means using time and property in an expenditure which is unnecessary.

### **Thrift**

Closely related to frugality is the typically Protestant virtue of thrift. It was Max Weber's thesis that the discipline of keeping expenditures within one's income was a typically Protestant virtue, which produced a surplus of capital, which in turn made possible the great burst of economic activity in the early sixteenth century.

John Wesley was not a Calvinist, but he expressed the Puritan spirit in classical fashion when he said: "Earn all you can; save all you can; give all you can." Benjamin Franklin was no Calvinist, but he was greatly influenced by the Calvinism of his New England ancestors. At least in economic affairs, he was a strong proponent of traditional Protestant ethics. From the time of Calvin, Protestants have maintained an attitude toward the world and its allurements which has enabled them to say,

"No!" The typical Protestant has adhered to a set of values which are different from those of the world about him.

The Protestant virtue of thrift is illustrated by the scorn of the citizens of a New England community of a hundred years ago for a respectable fellow villager. A stranger in the community wondered why he was disapproved, since the man dressed well and observed the amenities. When he asked the reason for this censure, the whispered reply was: "He dipped into his capital." The typical American Protestant has found a large place for thrift in his personal plan of expenditures.

### **Solvency**

A third virtue in Protestant economic ethics is solvency. The Protestant pays his bills, has a little money to spare, and is able to weather the storms of financial adversity and personal calamity. He says: "Every tub should stand on its own bottom." This does not mean that he is immune to financial reverses; it means that in the ordinary affairs of life he expects to earn his own way, save money, pay his bills and be prepared to meet most of life's hardships.

The three virtues of frugality, thrift, and solvency do not constitute all of the Protestant economic values; yet they give a clue to the understanding of the Protestant Puritan who has some of the granite of New Hampshire in his character.

### **THE NEW ETHIC OF AFFLUENCE**

John Kenneth Galbraith has written a best-seller. *The Affluent Society*. This book, which deserves to be read by every thinking American, presents a picture of the change from an "economy of scarcity" to an "economy of affluence." Dr. Galbraith, Professor of Economics at Harvard University and an outstanding economist, says that from the beginning of human history until the twentieth century, most of mankind has subsisted at the edge of starvation. The standard of living in many parts of the world is still barely above the subsistence level. The problem, however, in North America and certain other favored countries, such as Switzerland and Sweden, is one of conservation, not of production.

Dr. Galbraith believes we must reorganize our society to place more emphasis on services. We need more teachers, social work-

ers, and recreation leaders, among others. Technological advances are now solving the problems in the production of material objects. A new ethic of consumption is now in the process of developing. Three features of the new ethic are conspicuous consumption, installment buying, and dependency. Let us consider each of them.

### **Conspicuous consumption**

Dr. Galbraith maintains that it has become necessary for *all* Americans to speed up their rate of consumption in order to keep the economy going. Thus it would be necessary for every family to buy a new car every two years and to consume clothing, food, and all other "expendables" equally rapidly. The criterion for consumption is no longer the needs of the consumer, but the need of the economy to maintain an ever-increasing flow of goods.

The need for consumption today differs from Thorstein Veblen's concept of "conspicuous consumption." In Veblen's time perhaps two or three per cent of the people could be "conspicuous consumers," while today virtually everyone can and should be, if our economy is to operate at full speed.

### **Installment buying**

While Galbraith is sure that we must step up our "planned obsolescence" in order to achieve increased consumption, he is not sure as to how it can be financed. He points out that there has been a great increase in installment buying, and that actually it is buying on "time" which has permitted expansion of the economy in the years since 1945. Everything can now be bought on the installment plan. The "hidden persuaders," described so lucidly by Vance Packard in his book of that name, spend a great deal of their time and effort persuading people to buy on the installment plan. The reason is not far to seek. Often as much money is made on the selling of the financing plan as on the object itself.

### **Dependency**

A third feature of the ethic of affluence is "dependency." This word does not mean that present-day followers of the ethic of affluence are on relief, or that they must receive handouts from



rich uncles. It means that the citizen of the affluent society is apt to let Social Security take care of his old age. He may have a few insurance policies, a little hospitalization, and maybe a small pension plan; but the basic fact is that he does not save his own money, put it in his own bank account, and prepare to tide himself over life's rough spots. The modern American is relying upon others to prepare for his old age.

The new ethic of affluence is a radical departure from traditional American Protestant ethics. For this reason it is necessary for the highly organized advertising industry to persuade the average American to give up his Puritan moralism, and to enjoy the "brave new world" which has been given to him by technology and industry.

Dr. Ernest Dichter, President of the Institute for Motivational Research, Croton-on-the-Hudson, New York, is the high priest of the new cult, familiarly known as "M.R." (These initials formerly meant "Moral Rearmament," but in today's lingo they mean "Motivational Research.") In a recent lecture in New York City, Dr. Dichter stated that the average American is still a Puritan at heart, and that he has to be persuaded to free himself from the preconception that the moral life is a matter of discipline and restraint. The modern American, says Dr. Dichter, needs a new conscience, which will permit him genuinely to enjoy the luxuries which formerly were available only to kings and princes.

## THE UN-CHRISTIAN NATURE OF THE NEW ETHIC

Unquestionably the mid-twentieth century faces many new economic problems and realities. Technological production, with its efficiency and its extension of products to a vast number of consumers, is here to stay. When this has been said, however, it does not follow that all of us are bound to yield to the pressures of the affluent society. Any economic system must be judged by its fruits. John C. Bennett, in his book *Goals of Economic Life*, published by Harper and Bros. in 1953, states the matter well when he says:

To relate Christian faith to a dynamic economy and to the decisions of men who know that they need not accept existing standards of living as divinely ordained, is a task which recent generations of Christians have had to undertake in a fresh way.

In other words, it is our duty to bring the ethic of affluence under the judgment of God. In at least three ways the ethic of affluence falls far short of the Christian standard.

### **National self-interest**

America is indeed an affluent society in comparison with most of the world. A visitor to Europe, Africa, the Middle East, or South America cannot miss the fact that in these areas about ten per cent of the people live fairly well, while the vast majority live at the level of mere subsistence. How long can a condition of affluence in America be set against poverty and degradation in the rest of the world? History points to repeated uprisings by underprivileged peoples, and in the long run these uprisings were successful. America, out of sheer self-interest, must discipline her thoughts and plans and economy so as to transform an affluent society into a Christian society, expressing its concern for the rest of the world. In the long run, an island of plenty cannot exist in a sea of misery.

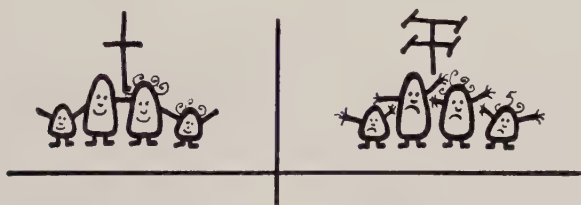
### **Discipline**

The ethic of affluence assumes that man's physical appetites and desires are unlimited, and that the economy can be kept going only by an ever-expanding number of gadgets, tools, and products, the need for which is artificially stimulated. The Christian ideal for the use of property and material possessions is that man will "buffet his body," and will do all things "in decency and in order," so that he may "attain unto the prize of the high calling of God in Christ Jesus." This means that a Christian will use a limited and purposeful criterion in his buying and providing for his family. Giving in to insatiable desire, as recommended by the ethic of affluence, will ultimately end in disaster.

### **Responsibility**

The ethic of affluence also falls short at the point of responsibility. The Christian ideal is not individualism, nor autonomy—it is responsible participation in the family of God. "From each according to his ability, to each according to his need," is not far from the New Testament conception of responsibility. The Christian is not the master of his fate nor the captain of

his soul—he is rather the slave of Jesus Christ. This means that he cannot accept any earthly lord; but, out of commitment to a divine Lord and Savior, he should act as a responsible steward, providing for the needs of himself and his family.



### A REVITALIZED DOCTRINE OF CHRISTIAN STEWARDSHIP

“Steward” is a respected and venerable Old English word which has almost lost its cutting edge in present-day Christianity. Originally it meant the keeper of a pigsty, and thus has the root meaning of the manager or trustee who takes care of someone else’s property. It is used in the translation of the Greek word *oikonomos*, which in its various forms occurs twenty times in the New Testament. The meaning of Christian stewardship usually has at least three aspects: God is the owner of the world and everything that is in it; man is the steward of God’s creation; and man, as steward, must make an accounting to God, the divine owner.

The answer to the problem of the affluent society is a rediscovery in thought and action of Christian stewardship, especially in the realms of getting, spending, and giving.

### Earning

The traditional Christian doctrine of earning a living, in the thought of Martin Luther and many other Protestant theologians, is that man is called by God to fulfill a social and Christian obligation in his daily work. As a layman, he has a special witness and ministry in the office, at the factory lathe, in the fields. The earth is the instrument of God, and man serves God by performing his daily work in the world. In this conception of Christian vocation, obviously some jobs which are socially useless or destructive in their effects—such as gambling, prostitution, and unworthy entertainment—are excluded from the Christian’s purview. On the other hand, no task is too menial



or too small if it performs a socially useful and constructive function. It is highly important that modern man recapture a sense of Christian vocation.

## **Spending**

Douglas Horton, Dean of the Divinity School of Harvard University and formerly minister of the General Council of the Congregational Christian Churches, used to say that the greatest test of a person's stewardship was the way he spent his money. Certainly the Christian will resist the pressures of the hidden persuaders and the advertising industry when they offer clever reasons for buying objects which he does not need.

The new technology will make possible a great deal more leisure time, and more "disposable" income. The Christian will be alert to see that these new opportunities are fulfilled in a constructive way: active sports rather than spectator sports, creative recreation rather than mere entertainment, good books, good plays, good museums, good schools, good churches—all of these values will be possible in the next few years in a way never before possible for mankind.

## **Giving**

The increase in "disposable" income means that the average American Protestant will have a new opportunity to share the Christian Gospel with all his brothers around the world. It means that a very much larger portion of our surplus goods and technical know-how must be sent abroad to help people in the underdeveloped areas of the world. It means that our churches and government should have budgets adequate for the important work they have to do.

America is entering upon a period of great spiritual temptation. Many a man who has successfully overcome adversity has lost his soul in the midst of prosperity.

Years ago the prophet Isaiah asked the question, "Why do you spend your money for that which is not bread, and your labor for that which does not satisfy?"

Some centuries later the Apostle Paul wrote to young Timothy: "As for the rich in this world, charge them not to be haughty, nor to set their hopes on uncertain riches, but on God, who furnishes us with every thing to enjoy."



## STEWARDSHIP OF THE FAMILY INCOME

It is the Christian faith that "the earth is the Lord's," that the world and everything in it belong to God. What we call "our possessions" are not ours, but his. He has entrusted them to our stewardship.

The role of the Christian in using God's property is comparable to that of a steward of a large estate. He assumes responsibility for using the lands, goods, and money in a fruitful way; and he makes an accounting of his use of them to the owner. As Thomas K. Thompson says, Christian stewardship includes getting money, spending it, and giving part of it to others. (See pages 25 and 26.)

Some of the gravest problems families face are related to getting, spending, and giving money. Church members should have opportunity to discuss these problems in the light of the Christian faith.

The social action committee might undertake a study of "Stewardship of the Family Income"; or it might initiate such a project in cooperation with the family life and stewardship committees of the church.

### **Adequate incomes**

*The first meeting of the committee might be used to discuss*

"Family Incomes in Our Community: Are They Adequate?" It would be helpful if each member of the committee could read pages 4 to 17 of this issue of **SOCIAL ACTION** before the meeting. Among questions which might be discussed are:

1. Approximately 10 per cent of America's families and single individuals receive more than \$10,000; about 50 per cent receive between \$4,000 and \$10,000; and 25 per cent receive between \$2,000 and \$4,000; about 15 per cent receive less than \$2,000. Are the incomes in the community distributed in about this proportion? If not, is the income level higher or lower than the national average?

2. Considering the prices in the community for food, clothing, shelter, education, and health services, what proportion of the families find it difficult to live on their incomes?

3. Are the salary scales for teachers and clergymen in the community sufficient to enable them to do their best work?

4. Are the wage scales in the community adequate for maintaining healthy, stable families? Is there evidence that low wages contribute to juvenile delinquency or divorce?

5. Is there enough work in the community to give steady employment to all who need it?

6. If wage scales are too low or if chronic unemployment exists, it may be advisable to appoint a sub-committee to consider what the church can do to help the situation.

### **Family expenditures**

*The second meeting of the committee* might be devoted to a consideration of "Spending the Family Income." Resources for this discussion may be found on pages 14 to 17.)

The meeting might be opened with a brief review of Chapter Seven of *The Exurbanites* by A. C. Spector.<sup>1</sup> This witty chapter depicts the financial problems of a commercial artist, a TV producer, and an advertising man in living on their incomes of \$25,000 a year.

Discussion might then center on questions such as these:

1. Do families in the church tend to live beyond their incomes? If so, are they tempted by the "hidden persuaders" of advertising?

2. Do families tend to go too heavily into debt in order to purchase cars, homes, and household appliances? Do they pay too much in carrying charges on installment buying?

3. Are members of the church making adequate financial provisions for emergencies such as

illness or the death of one of the parents; and for future needs such as the education of the children and the old age of the parents?

If families in the church need help in the budgeting and expenditure of money, the committee might assist them in one or more of these ways:

- Purchase copies of this issue of *SOCIAL ACTION* and distribute them to members. (See page 2 for quantity rates.)

- Ask the minister to preach on stewardship of the family income.

- Conduct a series of meetings on "Family Income: Where Does it Go?" in cooperation with the Couples Club.

- Establish a Credit Union. (For information write Credit Union National Association, Filene House, Madison 1, Wisconsin.)

- Develop a counselling service on family finance, whereby more experienced members of the church give assistance to others.

- Develop neighborhood co-operatives for the purchase and use of washing machines, dryers, lawn mowers, power saws, and other household equipment; and for the exchange of services such as baby sitting and child care.

### **Family giving**

*The third meeting of the committee* might be devoted to a

<sup>1</sup> Berkley Publishing Corporation, 145 West 57th St., New York 19, N. Y., 250 pp., 50¢.



consideration of family giving.  
(See pages 18 to 26.)

Among the questions committee members might discuss are:

1. What criteria should Christians use in deciding when to spend money for themselves and their families and when to spend it for others?

2. What proportion of one's income should be given to the church and to agencies of social welfare?

3. How can members of the church be helped to know the joy of giving.

An excellent resource booklet for education about giving is *Christian Conscience and the Family Budget* by Elizabeth E. Hoyt.<sup>2</sup> The booklet introduces the Jacobs family whose income is \$5,250 and shows how they decide to use it for themselves and others. This is a very useful booklet for group discussion, as well as for individual use.

—FERN BABCOCK

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<sup>2</sup> National Council of Churches, 120 East 23rd St., New York 10, N. Y., 20¢ each plus postage.

*resources for worship*



## THE CHURCH AND ECONOMIC LIFE

### Scripture

*Leviticus* 27:30

*II Chronicles* 31:5, 6

*Matthew* 5:38-42

*Matthew* 7:7-12

*I Corinthians* 16:1, 2

### Hymns

Be Thou My Vision

Heart and Mind, Possessions,  
Lord

Take My Life and Let It Be  
The Voice of God is Calling

### Litany of Penitence

Let us ask forgiveness for all  
the ways in which we have

abused God's gifts, forgetting  
that they are entrusted to us to  
be used for Him and for our  
fellow men.

For our greed and selfishness,  
Our luxury and idleness,  
Our wastefulness of thy generosity,

*O Lord, forgive us.*

For our deep hidden guilt and  
anxiety because we have so  
much and others so little,

Our fears that we may lose  
our possessions,

*O Lord, forgive us.*

For our blindness to the needs  
of others,

Our acquiescence to exploitation,  
Our toleration of injustice and inequity,

*O Lord, forgive us.*

For the depersonalizing of man by machines,

For the emptiness of life in apartments,

For the superficiality of suburbia,

*O Lord, forgive us.*

For our putting means before ends,

Our ruthless competition,

Our distrust of love,

*O Lord, forgive us.*

And now, O Lord, we humbly beseech thee that thou who hast taught us to pray for our daily bread, wilt enable us to win and use it according to thy will. If one member suffereth, all the members suffer with it. If one member is honored, all the members rejoice. Now ye are the body of Christ. Amen.<sup>1</sup>

### **Litany of Intercession**

Jesus said: Whosoever shall do the will of God, the same is my brother and sister and mother. O God, who hast created us all and called us to take our part in thy great plan,

*Thy will be done, on earth as it is in heaven.*

O God, who art ever working in men's hearts by the operation

of thy Spirit, to make us fellow-workers with thy will,

*Thy will be done, on earth as it is in heaven.*

O God, whose Spirit is known in the community of those who know thy forgiveness and who can forgive, and who would make us ministers of reconciliation in the affairs of this world,

*Thy will be done, on earth as it is in heaven.*

O God, who callest us out of the world to enter into the new being which came into the world in Christ and who sendest us back into the world to bring about its transfiguration according to thy purpose,

*Thy will be done, on earth as it is in heaven.<sup>1</sup>*

### **Prayer**

Almighty and ever blessed God, who in the abundance of Thy goodness dost ever give us more than we desire or dare to ask; pour forth upon us, we beseech thee, a spirit of thankfulness, and increase in us that most blessed grace of charity, that we may ever be more willing to give than to receive; and so rule our hearts that all we have may be used for Thy service, and we ourselves be consecrate to Thee; through Jesus Christ our Lord. Amen.<sup>2</sup>

<sup>1</sup> Adapted from *The Kingdom, the Power and the Glory*. New York: Oxford University Press, 1933.

<sup>2</sup> *The Book of Common Order of the Church of Scotland*. New York: Oxford University Press.

—Prepared by EDWARD L. NESTINGEN, Program Secretary of the National Student YMCA, and a Congregational minister.

# LET EVERY CHURCH SPEAK UP

*A "Call to Christian Action in Society" has been drafted by the CCSA; it is being studied in the churches and will be presented for amendment and adoption to the General Synod of the United Church of Christ, meeting at Oberlin, Ohio, July 5-9, 1959.*

Fifty years ago the Congregational, Evangelical, Reformed, and Christian churches participated with other denominations in the Federal Council of Churches in writing the "Social Creed of the Churches." This historic statement made a significant contribution to the social and economic development of the U.S.A. Once again, members of these churches are engaged in expressing their Christian convictions about the social order.

When the General Synod of the United Church of Christ meets at Oberlin, Ohio, it will be asked to amend and adopt a "Call to Christian Action in Society."

The Call acknowledges that "God as revealed in Jesus Christ is the ruler of all human affairs" and that "men live as members of one family under God." It calls upon churches and their members to pray and work for changes in: (1) race relations; (2) the nations; (3) political life; and (4) culture.

The topics in the Call were suggested by three hundred social action leaders who replied to a questionnaire sent out by the Council for Christian

Social Action. The "Call to Christian Action in Society" was prepared by the committee, staff, and members of the CCSA. The boards of foreign and home missions are in the process of joining with the CCSA as sponsors of the Call. Copies have been sent to ministers and chairmen of social action committees.<sup>1</sup>

It is hoped that each group within the churches will study the Call and report suggestions for improving it to the CCSA by May 15, 1959.

When the Call has been adopted by the General Synod, copies will be printed and sent to each church. It is hoped that churches will use it in services of worship and that they will work toward the realization of its goals in our common life.

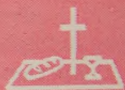
Study of the issues by members of your church will further responsible Christian living in the world community. In this way the churches witness to their Lord. In this way the United Church of Christ speaks to the world that Christ would save.—RAY GIBBONS.

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<sup>1</sup> Ten copies will be sent free of charge to each church; additional copies are available for 3¢ each.



*social action calendar*



- APRIL 7-9** *United Church of Christ Washington Seminar, Washington, D. C. Fern Babcock, Leader.*
- JUNE 22-26** *West Coast Christian Social Action Institute, White Memorial Retreat Center, Mill Valley, Calif. Galen R. Weaver, Dean.*
- JUNE 23-JULY 31** *European and Middle East Travel and Study Seminar: France, Italy, Egypt, Lebanon, Syria, Jordan, Israel, Turkey, Greece, Switzerland, and England. The Rev. and Mrs. Herman F. Reissig, Leaders. Cost: \$1,640.*
- JUNE 30-JULY 11** *Sixteenth Annual Race Relations Institute, sponsored by the Division of Higher Education and the American Missionary Association, Fisk University, Nashville, Tenn. Dr. Herman H. Long, Director.*
- JULY 13-17** *Midwest Christian Social Action Institute, Lakeland College, Sheboygan, Wisc. Chester L. Marcus, Dean.*
- JULY 20-24** *Central Christian Social Action Institute, Congregational Center, Lisle, N. Y. Ray Gibbons, Dean.*
- JULY 27-31** *Eastern Christian Social Action Institute, Congregational Center, Framingham, Mass. Myron W. Fowell, Dean.*
- AUGUST 6-25** *Mexican Seminar. The Rev. and Mrs. F. Nelsen Schlegel, Leaders. Cost from Mexico City, \$295.*

**For information write the Council for Christian Social Action.**

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